

Where Did The Incentive Awards Program Come From?

By William Dennis

Incentives have been used throughout man's history; they are by no means a recent phenomenon. Often, awards are given to groups and individuals who surpass normal performance standards or suggest new and innovative ideas.

The Scottish shipbuilding industry was the first to be recognized as establishing an official incentive program when William Denny started one in his shipyards in 1880. The 1880's also brought about the first incentive program in the United States when the Yale and Towne Manufacturing Company of Stamford, Connecticut, introduced its program. This was closely followed by the incentive awards program of the National Cash Register Company in Dayton, Ohio, in 1894.

Government offices were soon to follow with incentive programs of their own when the British established a program of suggestion awards in its ordnance factories in 1903.

The United States Government applied the incentive concept on July 17, 1912, by passing an act that authorized the Secretary of War to award cash for suggestions offered by the Army's ordnance shopworkers. In 1919, the Department of the Navy, under Acting

Secretary Franklin D. Roosevelt, initiated an incentive program that was even more active than that of the Army.

During war times, increased productivity and creativeness were a national necessity, but between World Wars I and II incentive programs were either drastically reduced or totally eliminated.

The Mead-Ramspeck Act of August 1, 1941, authorized salary increases to certain Federal employees for "meritorious service," the only type of award that could be given employees by agencies at the time without special legislation. But within 1 year after the attack on

Pearl Harbor, about 1,400 new incentive systems were being employed by industry. With war again as a motivator, the Navy Department in 1943 reinstituted its suggestions program under the old act of July 1, 1918. The Department of the Interior, the Maritime Commission, and the War Department, through special provisions included in their appropriations acts, were permitted to give cash awards for adopted suggestions resulting in improvements or economy in operations.

When World War II ended, the Congress passed Public Law 600 which extended the employee suggestion program to Government



agencies in general, and war was no longer the prime motivator. The tide was beginning to turn regarding incentive and suggestion programs in the Federal Government. Between 1946 and 1954, only sporadic incentive awards programs were employed within the Federal Government with several different laws of limited coverage being applied, but the concept of nonwar-time incentive programs was firmly established.

In 1954, the Congress determined that the Federal Government needed an up-to-date incentive awards program. Shortly after the enactment of the Government Employees' Incentive Awards Act on September 1, 1954, President Dwight D. Eisenhower gave his support to congressional initiative when he stated, "The vast complexity of modern government demands a constant search for ways of conducting the public business with increased efficiency and economy. I am firmly convinced that employees of the Federal Government can, through their diligence and competence, make further significant contributions to the important task of improving Government operations." Public Law 763, Title III, 83rd Congress, established the Government Employees' Incentive Awards Program, effective November 30, 1954. This law repealed previous laws on the subject and, for the first time, established a Governmentwide program directed by the Civil Service Commission. This program not only provided new flexibility and improvement in the incentive awards system, it also authorized perhaps the most significant aspect—a cash and honorary awards structure. Under the Commission's guidance, each agency established an incentive awards program that would

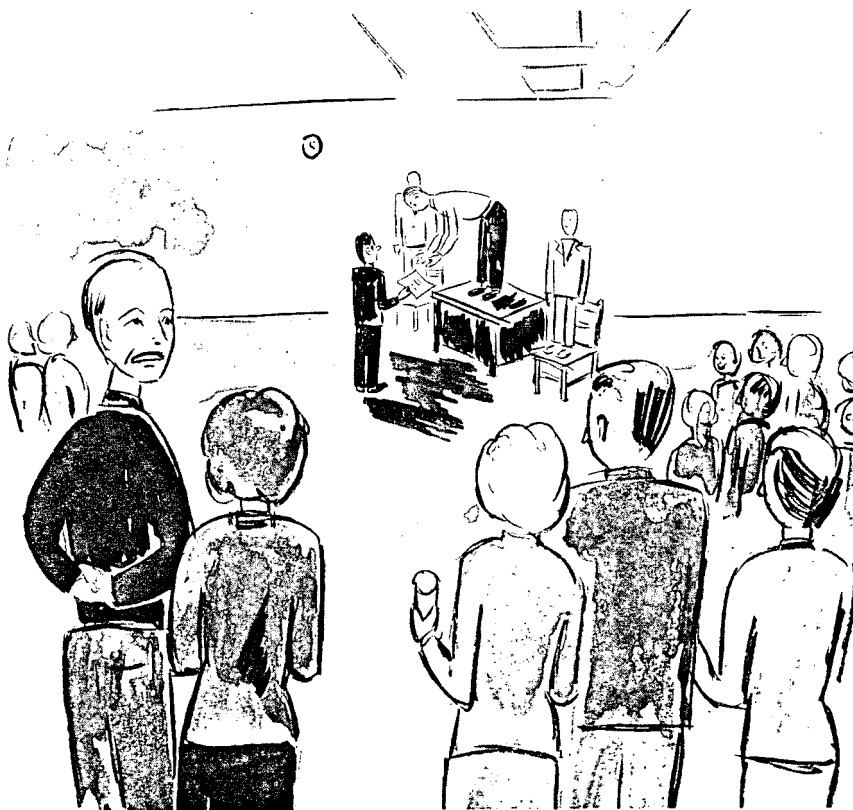
meet the individual agency's needs. Legislation permitted them to increase their cash awards substantially, up to \$5,000 on their own authority, and as high as \$25,000 if approved by the Civil Service Commission. The law also enabled an employee to receive awards from all agencies that benefit from a suggestion, eliminated the annual limit on total cash awards an agency could grant for adopted suggestions, and extended the awards program to cover inventions by Federal employees.

Both cash awards and significant honorary awards became emphasized. These ranged from informal commendations and agency high-level honorary awards to Presidential recognitions. High honorary

awards became an increasingly important part of the Incentive Awards Program during the 1950's, providing both Government and non-Government recognition which served to complement the agencies' honorary awards.

The highest honorary award granted is the President's Award for Distinguished Federal Civilian Service, established in 1958. This highest award is granted annually by the President to career civilian employees, generally numbering five, for achievements so outstanding that they merit greater public commendation than can be accorded by an award from the head agency.

Other significant awards of honorary nature presented annually to



"THE CHIEF SUFFERS FROM AN OLYMPIC SYNDROME"

Federal employees include the Presidential Management Improvement Awards, which recognize officials or organizations making exceptional contributions to cost reduction or improved operating effectiveness of the Federal Government, and the Rockefeller Public Service Awards. The Rockefeller Awards are granted for outstanding service in each of five fields: administration; foreign affairs or international operations; general welfare or natural resources; law, legislation, or regulations; and science, technology, or engineering.

Another honorary award program, the National Civil Service League Awards, consists of both Career Service Awards to career employees who exemplify in an outstanding manner the primary characteristics of efficiency, achievement, character, and service, and Special Achievement Awards to recognize employees whose single accomplishments contribute significantly to our national well-being.

Other awards include the Federal Women's Award, which recognizes women whose career service has been characterized by outstanding ability and achievement in executive, professional, scientific, and technical fields; the Warner W. Stackberger Achievement Award, honoring individuals in public or private life who have made an outstanding contribution towards the improvement of public personnel management at any level of government; and the William A. Jump Memorial Award for Federal employees who render outstanding service in the field of public administration, or who make notable contributions in this field by demonstrating leadership, creative thinking, and exemplary achievement.



"IN KEEPING WITH MY POLICY OF ENERGY CONSERVATION..."

On July 1, 1969, major changes in the Incentive Awards Program became effective, based on intensive studies made by the Congress and the Civil Service Commission. The changes were aimed at streamlining the processing of suggestions, focusing employee ingenuity on areas representing economies or improvements in operations, and providing greater objectivity and monetary value in awards while simplifying procedures and giving supervisors more authority to make effective use of incentive awards.

Agency reactions to the changes were favorable, and the results have been excellent. Perhaps the most significant results have been the increase in the quality of employee suggestions, the continuing upward trend in measurable benefits (over \$150 million annually from adopted suggestions over a 6-year period, and a record \$202.1 million for fiscal year 1972), the speed-up in processing suggestions, and the conservation of valu-

able time on the part of supervisors and managers who can now concentrate on suggestions that save tax dollars and improve operations.

Over the past 20 years almost two million ideas have been put into effect, with a current suggestion adoption rate of over 25 percent, and an average cash award to employees of \$83.

Since 1954, a total of almost \$2 billion in first year measurable benefits has resulted from adopted employee suggestions and \$1.6 billion from special achievements beyond job responsibilities.

Clearly, the Federal Incentive Awards Program has inspired many contributions within the Federal Government. Various new and innovative ideas have sprung forth from Federal employees stimulated by the program. Federal employee participation in the processes of Government has been, and will continue to be, a significant factor in encouraging and stimulating better Government operations.